MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2016/2017

DFA5018 – FINANCIAL ACCOUNTING 1

(For Diploma Students Only)

2nd JUNE 2017
9.00 a.m to 12.00 noon
(3 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of 7 pages with 4 questions.
2. Answer **ALL** questions.
3. Write your answers in the answer booklet provided.

QUESTION 1

Part A

The NJ Big Bowling Center is owned by Najmi. All facilities in bowling centre were completed on December 2016. At this time, the ledger showed Cash RM5,000, Account Receivable RM2,000, Inventory RM4,500, Bowling Equipment RM9,000, Accounts Payable RM2,500, Notes Payable RM8,000, and Owner's Capital RM10,000. During April, the following events and transactions occurred.

Apr.	1	Najmi is committing additional RM10,000 of his own money to funding a new bowling alley.
	4	Paid rental for bowling center of RM2,000.
	7	Ordered six additional bowling accessories such as bag, shoe bag, bowler tape, pro tool kit and shoe brush at total RM1,000.
	10	Received a total of RM6,800 cash for bowling entry fees from walk-in customers.
	14	Purchased bowling equipment costing RM14,000 for RM3,000 cash and the remainder on credit.
	18	Paid advertising expenses RM600 to BRV Advert Company.
	20	Received RM8,000 cash from TM Company for the Bowling Youth Tournaments that will be held in June 2017.
	23	Made payment of RM2,300 on accounts payable due for renovation made in last month.
	25	Completed handling tournaments for students and received RM6,000 cash for bowling entry fees from MMU Bowling Club.
	27	Received 70% cash from customers on the balance of account receivable.
	29	Paid salaries for three workers at RM1,500 each.
	30	Paid advance rental for bowling center for May and June 2017 at RM2,000 each month.

Instructions

(a) Describe how accounts, debits, and credits are used to record business transactions and indicate how a journal is used in the recording process.

(4 marks)

(b) Journalize the April transactions for NJ Big Bowling Center. You may omit explanations. (12 marks)

(c) Based on the above journal, identify and list down the necessary accounts need to be recorded in the financial statement.

i. The Statement of Comprehensive Income (2 marks)

ii. The Statement of Financial Position (3.5 marks)

Continued...

Part B

The following is selected information from Monty Company for the fiscal year ending October 31, 2016.

Cash received from customers	RM300,000
Revenue recognized	378,000
Cash paid for expenses	180,000
Cash paid for computers on November 1, 2015 that will be used for 3 years (annual depreciation is RM15,000)	45,000
Other related expenses incurred, including interest, but excluding any depreciation	230,000
Proceeds from a bank loan, part of which was used to pay for the computers	100,000

Instruction
Based on the accrual basis of accounting, what is Monty Company's net income for the year ending October 31, 2016?

(3.5 marks)

[TOTAL 25 MARKS]

QUESTION 2

Part A

Azizul Biker Company encounters the following situations at the end of December 2016:

1. Azizul Biker Company notice that the utility expense in Feb 2016 is not yet recorded.
2. Azizul Bikers and team performs services for customers but has not yet received cash.
3. The company received cash for future services to be performed in 2017.
4. Azizul paid RM6,000 rent on October 1 for the 4 months starting October 1.
5. Performed services for a client in December 2016. On December 31, it billed the client RM4,800.
6. Paid cash for an expense and recorded an asset until the item was used up.
7. Received RM2,500 from a customer for services to be performed next year.
8. The company borrowed RM20,000 on October 1, 2016, signing a 10% one-year note payable.
9. Azizul Bike Company purchased RM2,700 of supplies in 2016; at year-end, RM800 of supplies remain unused.
10. Azizul 's employees worked 3 days in 2016, but will not be paid until 2017.

Instruction
Identify the type of adjusting entry (prepaid expense, unearned revenue, accrued expense, accrued revenue) is needed in each situation, at December 31, 2016.

(5 marks)

Continued...

Part B

Below is the trial balance for the Hasif Excellent Company for the month of June 30, 2017.

Hasif Excellent Company
Trial Balance
June 30, 2017

Accounts	Debit (RM)	Credit (RM)
Cash	36,100	
Bank	53,000	
Accounts Receivable	70,618	
Supplies	5,800	
Prepaid Insurance	18,250	
Furniture and Fitting	81,600	
Office Equipment	32,000	
Motor Vehicle	100,700	
Accumulated Depreciation – Office Equipment		15,520
Accumulated Depreciation – Motor Vehicle		34,290
Accounts Payable		28,900
Unearned Service Revenue		12,000
Notes Payable		56,260
Salaries Payable		12,400
Capital		161,250
Drawings	6,800	
Service Revenue		98,940
Rental Revenue		26,800
Utilities Expense	5,882	
Insurance Expense	6,850	
Salaries Expense	14,820	
Depreciation Expense – Motor Vehicle	6,460	
Advertising Expense	7,480	
Total	**446,360**	**446,360**

Additional transactions:

1. Accrued s utilities expenses RM2,300.
2. A physical count of revealed that 30% of supplies remained on hand.
3. Prepaid insurance expired for the month is RM550.
4. Three quarter (¾) of the unearned service revenue was earned.
5. Depreciation for office equipment is RM900 per month.
6. Services provided but not recorded at June 30 are RM7,100.

Instructions

(a) Prepare the adjusting entries for the month of June 30,2017 (6 marks)
(b) Prepare the adjusted trial balance for the month of June 30,2017 (9 marks)
(c) Prepare the statement of comprehensive income for June 30,2017 (5 marks)

[TOTAL 25 MARKS]

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QUESTION 3

Part A

A friend of yours, Mariani, recently completed an undergraduate degree in accounting field and has just started working with a biotechnology company. As a junior accountant at M&M Company, she has problems in understanding the following accounting assumptions and principles.

Full disclosure principle.	Time period assumption.
Going concern assumption.	Historical cost principle.
Monetary unit assumption.	Economic entity assumption.

1. Dictates that companies should disclose all circumstances and events that make a difference to financial statement users.
2. Assumes that the dollar is the "measuring stick" used to report on financial performance.
3. Belief that a company will continue to operate for the foreseeable future.
4. Indicates that personal and business record-keeping should be separately maintained.
5. Separates financial information into time periods for reporting purposes.
6. Indicates that companies should not record assets in the accounts fair value but at cost.

Instruction
As senior accountant, assist Mariani in identify the accounting assumption or principle that is described above situation.

(6 marks)

Part B

The qualitative characteristics of useful financial information is very important to the accounting users. The financial information that are likely to be most useful to the existing and potential investors, lenders and other creditors for making decisions about the reporting entity on the basis of information in its financial report.

Instruction
Identify the 2 (TWO) differences between fundamental and enhancing qualitative characteristics and explanation each of them.

(4 marks)

Continued...

Part C

Smash Company prepares the following Adjusted Trial Balance as at 31 May 2017.

Smash Company
Adjusted Trial Balance
As at 31 May 2017

Accounts	Debit (RM)	Credit (RM)
Cash	21,750	
Accounts Receivable	11,600	
Inventories	2,900	
Motor Vehicle	34,800	
Equipment	58,000	
Accumulated Depreciation - Equipment		3,625
Accounts Payable		13,050
Unearned Rent Revenue		5,075
Owner's Capital		79,750
Owner's Drawing	3,770	
Service revenue		25,375
Rent Revenue		12,180
Depreciation Expense - Equipment	725	
Salaries Expense	5,220	
Advertising Expense	290	
	139,055	**139,055**

Instructions

(a) Prepare the classified Statement of Financial Position as at 31 May 2017. (5.5 Marks)

(b) List down the above accounts under "Temporary account" or "Permanent account". (4 Marks)

(c) Journalize the closing entries. You may omit explanations. (5.5 Marks)

[TOTAL 25 MARKS]

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QUESTION 4

Part A

On February 1, 2017, H&N Company establishes an imprest petty cash fund. Najmi, the custodian of the petty cash fund records the petty cash transactions on February 2017 are as follows:

Feb	1	Established a petty cash fund of RM500
	3	Store supplies RM120.75
	5	Delivery charges on merchandise purchased, RM150.25
	6	Postage stamps, RM44
	7	Office supplies, RM37.50
	8	Repair to computer, RM82
	22	Petty cash on hand was RM54
	25	Increased the petty cash fund to RM600

Instructions
Prepare the journal entries to record the above petty cash transactions.

(a) Establishment of the petty cash fund on Feb 1. (1 marks)

(b) Replenish the petty cash fund on Feb 22 for the disbursements, based on each evidenced by a petty cash receipt on Feb 3 to Feb 8 transactions. (4 marks)

(c) On Feb 25, the company increased the petty cash fund. (1 marks)

Part B

Faza the owner of Superb's Burgers starts her business in Damansara Ara since 2014. Superb's Burgers is operated strictly on a carryout basis. Customers pick up their orders at a counter where a clerk exchanges the food for cash. While at the counter, the customer can see other employees making the food at different stations.

Instruction
Identify the SIX **(6)** principles of internal control and give an example of each principle that you might observe when picking up your food. (6 marks)

Continued...

Part C

Ting Hui the owner of Berjaya Group Company has received his bank statement for the year to September 30, 2017. At the date, his balance at the bank amounted to RM24,130 whereas his own cash book showed a balance of RM34,160. His accountant investigated the matter, and discovered the following discrepancies:

1. Bank charges of RM60 had not been entered in the cash book.
2. Checks drawn by Ting Hui and totaling RM450 still outstanding and had not yet been presented to the bank.
3. Ting Hui had not entered the bank collection of notes receivable of RM530 in his cash book.
4. The bank had not deposited (credited) Ting Hu with receipts of RM1,970 paid into the bank on September 30, 2017.
5. EFT payments of insurance amounting to RM1,240 had not been entered in the cash book.
6. Ting Hui had entered a payment to supplier of RM560 in his cash book as RM650.
7. Two checks received for RM300 from customer, Jeremy had been returned by the bank due to unathorised signature and NSF checks from Allan RM880.
8. Some of Ting Hui's customers had paid to settle their debts by direct debit. Unfortunately, the bank had credited some direct debits amounting to RM6,650 to another customer's account.

Instructions

(a) Prepare a bank reconciliation statement as at September 30, 2017. (7 marks)

(b) Make any necessary entries in the cash book as at September 30, 2017. (6 marks)

[TOTAL 25 MARKS]

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